**Current News**

Current news on the latest developments in fertilizer, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

*(The views expressed in the news items are not necessarily of FAI)*

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After Trump’s India visit, Oil and gas imports from United States set to increase

In 2019, India increased its intake of oil from the US to about 1,84,000 barrels per day, four times more than in 2018, and up from zero imports just four years ago. India’s energy imports from the US would reach $10 billion this year.

Energy cooperation is emerging as a key pillar of Indo-US strategic partnership that has the potential to surpass bilateral defence agreements. President Donald Trump’s visit saw the conclusion of a pact for the supply of US gas to India. Petroleum minister Dharmendra Pradhan described the energy ties as multifaceted, as India and the US signed the deal for strengthening collaboration between Indian Oil Corporation, Exxon and Chart Industries for supplying liquefied natural gas.

The agreement will promote access to gas in areas where the current pipeline infrastructure has not been developed. Till the time that gas pipeline network is developed in the country transportation of gas through container is an efficient alternative.

Exxon and Chart have expertise in transporting gas through containers and the agreement will give India expertise and facilities for transporting clean and efficient access to gas to areas yet to be connected through pipeline network.

“We jointly reviewed the ongoing strategic energy partnership between our two countries and agreed to take it to the next level,” Pradhan tweeted after meeting US energy secretary Dan Brouillette.

“Our energy equation with the US is now a multifaceted one — the Strategic Energy Partnership, established in 2018, has provided an effective institutional structure to align our interests, expectations and synergies. This is evident from the fact that the energy trade touched $7.7 billion last year — this intensity of energy exchange is a story of the last two years.

There is much potential for further capital, technology and innovation infusion to develop better ecosystems in both countries. We see the relations only growing more robust and one that will be capable of withstanding the test of time,” Pradhan said.

In 2019, India increased its intake of oil from the US to about 1,84,000 barrels per day, four times more than in 2018, and up from zero imports just four years ago. India’s energy imports from the US would reach $10 billion this year. US trade deficit with India declined from more than $22 billion in 2016-17 to around $17 billion in 2018-19 as India started importing oil and gas from America. In 2018-19, India’s crude import from the US stood at $3.6 billion and LNG import was at $527.14 million.

In April-December 2019, India imported crude and LNG worth $3.7 billion and $576.28 million, respectively, from the United States, making it the sixth largest supplier of crude oil, and the fifth largest supplier of LNG, to India. Currently, the US-India Energy Strategic Partnership has four pillars — oil and gas; power and energy efficiency; clean and renewable energy and sustainable growth.

Source: The Economic Times, Thursday, February 27, 2020
Portal for real-time monitoring of TOP crops launched

Food Processing Minister Harsimrat Kaur Badal on Wednesday launched a portal that will forecast wholesale prices of three key vegetables – tomato, onion and potato (TOP) – for three months and enable the government to monitor the supply situation for timely market interventions in case of a price crash during a glut.

The Minister said that the Market Intelligence and Early Warning System (MIEWS) is designed to provide advisories to farmers to avoid cyclical production as well as an early warning in a glut situation. She said the portal will enable the government come up with a rapid response in times of glut and move products to deficit regions. It will also help provide inputs for export and import decisions.

Alerts from the portal will help the government make timely market intervention under the Central scheme ‘Operation Greens’ by providing subsidy to farmers for storage and transportation of the produce from surplus markets to consuming market, she added.

The portal would disseminate all relevant information related to TOP crops such as prices and arrivals, area, yield and production, imports and exports, crop calendars and crop agronomy, in an easy-to-use visual format.

The alerts will be triggered when prices of these three perishable commodities fall to a three-year low at the time of harvest or when the price fall is more than 50 per cent compared with the year ago period or when the rate falls lower than the benchmark fixed by Centre/State government for a specified period, an official statement added.

Source: The Hindu Business Line, Thursday, February 27, 2020
Pepper farmers worried over Vietnam price drop

Declining pepper prices in Vietnam are worrying for Indian farmers as they fear a similar trend in the domestic market.

According to traders, Vietnam pepper prices have come down to around $200 per tonne following subdued demand from China, the largest buyer of Vietnam pepper. Similarly, Sri Lankan pepper is also reported to have begun a southward movement.

Since it is considered as a crucial period for pepper trade in general, Kishore Shamji of Kishor Spices said, Indian demand has to be met with domestically produced pepper alone, which would keep the prices steady with minor adjustments.

Though Indian demand is estimated at 5,000 tonnes a month, noe it has gone up to 6,000-7,000 tonnes.

The pepper market in Kochi was down by ₹1 per kg with ungarbled varieties quoting at ₹313 per kg. The total offtake was 28 tonnes. MG1 garbled varieties realised ₹333, while new pepper stood at ₹303.

The dealers from Coorg have started offering more and it is likely to continue. If the prices keep dropping, Shamji said, liquidation of stock by farmers at lower prices is likely.

Source: The Hindu Business Line, Thursday, February 27, 2020

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After US Curbs, Virus Hurts Iran. Basmati, Tea Exporters Worried

Uncertainty looms over exports of basmati rice and tea from India to Iran as cases of coronavirus are increasing in the West Asian nation already facing US sanctions. Basmati rice traders said most Gulf countries from Kuwait to Iraq have stopped flights to and fro from Iran amid fear of coronavirus outbreak there and they were watching the situation.

The outbreak of new coronavirus in Iran was centred mostly on the city of Qom but spread rapidly over the past few days to people in four other cities, including capital Tehran, 150 km away from it. According to media reports, 12 people have died from the deadly virus.

Iran has been the largest importer of basmati rice from India in recent years, accounting for more than 30% of the total basmati rice shipped abroad.

“There is concern among the basmati traders. To address it, we have asked the Iranian embassy in India to give us clarity on the issue of closure of Iranian ports and the ground situation there,” said Vinod Kaul, executive director of All India Rice Exporters Association. Exporters said they were also concerned if they can use Bandar Abbas port for trans-shipment of commodities to other countries.

The spread of coronavirus in Iran has created an air of uncertainty among the Indian tea trade as the Gulf country has emerged a big market for Indian orthodox tea exports in 2019. Tea exports to Iran rose 74% in 2019 over 2018, Tea Board of India’s data showed. India exported 53.45 million kg of teas to Iran in 2019 compared to 30.78 million kg in 2018. Also, Indian tea has fetched a price of ₹275.68 per kg in 2019, which is 8% higher than 2018.

“The coronavirus attack will further slowdown the Iranian economy, which is already suffering due to US sanctions. Doing business with Iran will become more difficult,” Anish Bhansali, a leading tea exporter to Iran, told ET.

Source: The Economic Times, Thursday, February 27, 2020
Ban on Onion Exports Lifted on Bumper Crop

The government has decided to lift the ban on the export of onions in view of bumper crops.

Food and consumer affairs minister Ram Vilas Paswan told ET that the lifting of the ban would help farmers get good prices as the harvest next month was expected to be over 40% of last March’s output of 28.4 million tonnes.

The decision was taken at a group of ministers meeting, led by home minister Amit Shah.

"Prices have now stabilised and crops are reaching mandis in large quantities. So further ban on onion will put prices under pressure," Paswan said.

The government had imposed the ban in September last year when the prices of the bulb vegetable had crossed ₹150 per kg in some retail markets. That was after the crop got damaged in the major onion producing states of Maharashtra and Karnataka due to heavy rains.

The government had also imposed stock limits and imported onions from Egypt, Afghanistan and Turkey to tame the local prices. It had placed import orders for 36,000 tonnes of onions in this fiscal year.

"The price of onion has come down to ₹30-40 per kg in most of the retail markets. With strong arrivals, prices may further come down. Exports will help farmers get remunerative prices," said a consumer affairs ministry official.

According to the ministry, India exported fresh and chilled onions worth $496.82 million in 2018-19. Shipments worth $154 million were executed in the first four months of the current financial year.

Source: The Economic Times, Thursday, February 27, 2020

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‘Govt closely monitoring coronavirus impact on economy’

Finance Minister Nirmala Sitharaman on Wednesday said the government is keeping a close watch on the impact of the coronavirus outbreak on the economy.

The minister also said the process of merger of public sector banks was underway as per the schedule. The government has announced to merge 10 sector state-run banks to create four bigger lenders.

The government is “closely monitoring” the impact of the coronavirus outbreak on the economy, she said. Over 2,700 people have died due to Novel Coronavirus 2019 (COVID-19) while the number of those infected is around 80,000. In the wake of the virus outbreak, whose epicentre is China, many airlines, including Indian carriers, have cancelled some of their overseas flights.

Bank mergers
On bank mergers, Sitharaman said there is “no uncertainty about bank merger” and the process is on as per the schedule.

Last year in August, the government announced merger of 10 public sector banks into four. United Bank of India and Oriental Bank of Commerce are to be merged with Punjab National Bank, making the proposed entity the second largest public sector bank (PSB) from April 1 this year.

It was also decided to merge Syndicate Bank with Canara Bank, and Allahabad Bank with Indian Bank. Similarly, Andhra Bank and Corporation Bank are to be consolidated with Union Bank of India.

In April 2019, Bank of Baroda, in the first three-way merger exercise, amalgamated Vijaya Bank and Dena Bank with itself.

Source: The Hindu Business Line, Thursday, February 27, 2020

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India’s economy is likely to have grown at the same pace as in the third quarter at 4.5%, most independent economists said, though others expect growth to be a tad faster, based on a slight pickup in agriculture and government spending.

“Our composite leading indicator (index of 33 major leading indicators) suggests that gross domestic product growth to remain flat at 4.5% as in Q3 of FY20,” said Soumya Kanti Ghosh, group chief economic adviser, State Bank of India.

India’s economic growth slipped to a 26-quarter low of 4.5% in July-September from 5% in the first quarter. The statistics office lowered the FY19 GDP growth rate to 6.1% from the provisional estimate of 6.8% and has forecast 5% growth in FY20, its slowest pace in 11 years. The Economic Survey 2020 sees a recovery to 6-6.5% in FY21. “We were earlier anticipating a downward revision in FY20 growth rate from 5% to 4.6%,” Ghosh said.

This downward revision, as per Ghosh, will have statistical benefits as it could push up FY20 GDP to 4.7%. “There is not much improvement. We have retained our full year GDP target at 4.7%,” said Upasna Bhardwaj, economist at Kotak Mahindra Bank.

Manufacturing activity is likely to remain pressured and unlikely to better the 6.4% growth in the corresponding period the year ago. Falling growth seen in sales of commercial vehicles, railway freight traffic and cargo handled by civil aviation has also contributed to the projection being significantly lower.

“There is no joy in the GDP story. Consumption could be slightly better because of PM-KISAN but there is no systematic improvement anywhere,” said IDFC First Bank chief economist Indranil Pan.

The Reserve Bank of India has cut policy rates by 135 bps since February, 2019, and the government reduced corporate rate tax to 22% in order to attract investment and boost growth.

Despite these steps, indicators available till the quarter ended December, 2019, are not particularly robust, said Madan Sabnavis, chief economist at CARE Ratings.

“The sharp decline in October and November seems to have been reversed in December,” said Devendra Kumar Pant, chief economist at India Ratings.

Source: The Economic Times, Thursday, February 27, 2020
The statistical benefits of the steep downward revision in FY2019 growth to 6.1 per cent from 6.8 per cent could push up FY2020 GDP growth to 4.7 per cent from 4.6 per cent, says ‘Ecowrap’, State Bank of India’s economic research report. However, the report cautioned that the impact of coronavirus on India could happen with a lag.

“We were earlier anticipating a downward revision in FY2020 growth rate from 5 per cent to 4.6 per cent, but now the statistical benefits of a downward revision in FY2019 GDP growth could push up FY2020 GDP growth 4.7 per cent. We anticipate upward revisions in Q1 (April-June) and Q2 (July-September) FY2020 GDP,” said the report.

In India, GDP data are revised six times and there are instances wherein quarterly GDP figures have been changed more than four times.

“The new GDP series, we believe, is still settling down with the economy going through structural changes and is prone to significant volatilities. For example, in FY2017, the Q1 GDP figure was revised upwards in every revision from 7.1 per cent and it finally settled at 9.4 per cent; this may be even revised further as the final quarterly data is pending,” said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

The report, interestingly, said that the steep revision of FY2019 GDP growth to 6.1 per cent indicated that the slowdown was much more entrenched and had started from April 2017 onwards after the GDP growth reached a peak of 8.3 per cent in FY2017. It only worsened in FY2019 (post the IL&FS crisis), and in FY2020, it has reached its nadir, with growth projected at 5 per cent (with a downward bias) by the Central Statistical Organisation.

Impact of coronavirus
“We are, however, worried that the impact of coronavirus on India could now happen with a lag. The outbreak is now expected to cause a growth erosion of 100 basis points in China alone. New hotspots have emerged in South Korea (977 cases) and in Italy (229 cases), and these will result in more quarantines, border closures and disruptions in economic relations. Thus, though the cost of death might be limited, the economic impact could be significantly large,” the report said.

Although the number of Covid-19 cases in India are less, the report said the economic impact is expected to get bigger from supply chain risk, which may link up with exports as in pharmaceutical sector.

The report pointed out that more crucially, the April-December 2019 data on India’s imports show that there are 19 HS (harmonised system for classification of products) categories in which China has more than half the share; these are mostly consumer goods.

With China in the grip of coronavirus, immediately finding other sources for imports is going to be difficult. This can impact local traders, and in turn, consumers adversely, the report said.

Source: The Hindu Business Line, Thursday, February 27, 2020
India’s slowdown bottomed out; economy needs to be opened up for 10% growth, says former NITI Aayog VC Arvind Panagariya

He pointed out that one of India’s big problems is that there is too much pre-occupation with small and micro and small enterprises.

India’s slowdown has bottomed out and now its economy needs to be opened up if the country wants to realise the ambition of a 10 per cent growth rate, former NITI Aayog Vice Chairman Arvind Panagariya has said.

In his keynote address at a discussion on India’s Union Budget 2020, he said in the next fiscal year, India’s GDP growth is expected to be 6 per cent and then it will get back to 7-8 per cent which has been the case in the last 15-16 year period.

“On the slowdown, my own assessment is that we have bottomed out,” Panagariya, a Professor of Economics at the Columbia University, said at the discussion organised by India’s Consulate General here in partnership with the US-India Strategic Partnership Forum (USISPF) on Tuesday.

“In the second half of the current fiscal year, which would be ending on March 31, we should see some bit of recovery, not a big one but certainly the second half (of the fiscal year) should look better than the first half,” he said.

Panagariya noted that since about 2003, India has been growing at an average rate of about 7 per cent and the first five years of the Modi government was characterised by 7.5 per cent growth on an average.

Emphasising that the Indian economy “can do a lot better no doubt”, he said that in his assessment, the main factor which led to the slowdown has to do with the financial markets and that translated into weakening of the balance sheets of both the banks as well as the corporates.

“I think you could criticise the government here for being a little slow in beginning the process of cleaning up of the bank Non-Performing Assets (NPAs). The problem was known actually by 2013…” but this particular problem of NPAs never gets solved very quickly,” he said.

Sounding an optimistic note, he said as the clean up happens, “we should see the growth returning”.

On the Budget, Panagariya welcomed positive steps taken by the government including on fiscal consolidation, fiscal deficit, corporate tax reduction, initiation of simplification for the personal income taxation as well as privatisation.

Pointing to a “negative” in the Budget, Panagariya said that one of the things that has been going on for the last 2-3 years is that India is turning more and more towards import substitution.

“Trade economists use a more aggressive term – protectionism. And I’ve been saying that this is something that should not only be stopped but has to be reversed.

“Unfortunately, this budget goes very far in the direction of raising duties and particularly disconcerting is the fact that a lot of the items on which the duties have been raised and that too quite a bit are all labour intensive products,” he said.

These are the products in which India ought to be exporting and “we should not be afraid of foreign competition. We should take on the foreign competition head on in the global markets. If we are not doing that, something is very wrong,” he said.

Panagariya said that if a country with a 500 million-people strong labour force cannot compete in the labour intensive products, it points to the fact that something is fundamentally wrong with the way some of the degradation in the system is. “So one has to go to the root cause what is causing it and remove those
obstacles, hurdles and not try to give them some advantage by putting in tariffs. That only is encouraging inefficiency and small plants,” he said.

He also pointed out that one of India’s big problems is that there is too much pre-occupation with small and micro and small enterprises.

“What India lacks big time, especially in these labour intensive sectors, are medium and large firms. But when you start raising these protections, you are only encouraging micro and small, you are not encouraging medium and large firms which ultimately are the most efficient firms, compete in the global marketplace and define the ecosystem in the domestic market.

“And this is where I unhappily come to the conclusion that unless we reverse that, the ambition of 10 per cent growth or double digit growth which is very much realisable for India, I think will not get realised,” he said.

Panagariya said that India can still achieve the 8 per cent or so growth rate because of the other measures and reforms that are being undertaken.

“So we will get to 8 per cent but I think if we want to get to that extra 2 per cent to 10 per cent, then we need an economy which is open, competes in the global marketplace,” he said.

Panagariya noted that he does not agree with the “noise” and “common perception” that the second term of the Modi government is ignoring the economy and is only focusing on social issues such as the abrogation of Article 370 and the Citizenship Amendment Act.

“This is not true,” he said, adding that reforms have continued.

He highlighted the “major reforms” undertaken by the Modi government including the Insolvency and Bankruptcy Code, the Goods and Service Tax, Direct Benefit Transfer and the corporate profit tax.

Source: Financial Express, Thursday, February 27, 2020

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Another quarter with below 5% GDP growth, or will RBI, govt measures pay-off?

With leading economic indicators seeing no significant improvement, GDP growth for Q3FY20 is expected to be under 5 per cent, analysts said.

With leading economic indicators seeing no significant improvement, GDP growth for Q3FY20 is expected to be under 5 per cent, analysts said. Despite the government and RBI announcing a slew of measures to boost growth, the economy is seeing a limited impact, a report by CARE Ratings said. The GDP growth is expected to be at 4.5 per cent and GVA growth at 4.3 per cent in Q3FY20, the report added.

The government is scheduled to release official GDP growth data for the December-ended quarter on February 28, 2020. The Indian economy grew at a 6-year low of 4.5 per cent in Q3FY20. According to a Reuters poll of economists, the GDP may be recorded at 4.7 percent in the last quarter of 2019.

"With the liquidity conditions in the economy having improved, albeit marginally, coupled with robust growth in deposits is likely to improve growth in the financial services segment. However, subdued bank credit - growth continuing is likely to weigh on the growth of this segment", the report also said. The mining and quarrying, manufacturing and construction sectors are expected to see negative growth, CARE Ratings also said. The mining and quarrying, manufacturing and construction sectors are expected to see negative growth.

The government had announced a number of measures to boost the economy in budget 2020. Since February 2019, the RBI has cut policy rates by 135 bps. Meanwhile, the economy is seeing a slowdown for some time now. The slowdown is both on account of both domestic and global factors. According to the first GDP advance estimates, the economy is expected to grow at a mere 5 per cent in FY20.

Source: Financial Express, Thursday, February 27, 2020